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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY
USWEST

Janis A. Stahlhut
Executive Director-
Federal Regulatory

EX PARTE

April 28, 1993

Ms. Donna R. Searcy
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Stop Code 1170
Washington, DC 20554

Subject: CC Docket No. 92-222

Dear Ms. Searcy:

In accordance with the Commission's ex parte rules, this is to inform you that on April 27, 1993, Mr. Glenn Brown and I met separately with Mr. Byron Marchant of Commissioner Barrett's office and Ms. Kathleen Abernathy of Commissioner Quello's office to discuss issues presented in the above-referenced docket. The attached handouts were used to facilitate the discussion. Please include a copy of this letter and the attachments in the record in this proceeding.

Acknowledgment and date of receipt of this transmittal are requested. A duplicate letter is attached for this purpose.

Sincerely,



Attachments

cc: Ms. Kathleen Abernathy
Ms. Kathleen Levitz
Mr. Byron Marchant
Mr. Jim Schlichting
Ms. Cheryl Tritt
Mr. Greg Vogt

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**U S WEST EX PARTE PRESENTATION
CC DOCKETS 91-141/92-222**

GENERAL SUPPORT FACILITIES

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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

- In CC Docket 92-222, the Commission sought comment on its proposal to modify its Part 69 rules to include Subscriber Line Investment in the GSF allocator
- The Commission's proposal received overwhelming support from every segment of the industry, including 24 of the 25 parties who addressed the issue in their December 4, 1992 comments and December 21, 1992 reply comments:

Local Exchange Carriers

- Ameritech
- Bell Atlantic
- BellSouth
- Cincinnati
- GTE
- NECA
- NTCA
- NRTA
- NYNEX
- Pacific
- Rochester
- Southern New England Telephone
- Southwestern Bell
- United
- USTA
- U S WEST

Interexchange Carriers

- AT&T
- MCI
- Sprint
- Wiltel

Competitive Access Providers

- MFS
- Teleport

Others

- General Services Administration
- John Staaurulakis, Inc.

- **Reallocation of GSF Costs appropriately shifts support flows from Special Access, Local Transport and Local Switching:**
- **Removes GSF overallocations from the following Part 69 Categories:**

- Special Access	\$23 million	-11.8%
- Local Transport	\$68 million	-12.2%
- Local Switching	\$33 million	-9.2%

- **Adds an appropriate allocation of GSF to the following Part 69 Category**

- Common Line	\$124 million	+15.5%
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- **Reallocation of GSF is appropriate, given the increasingly competitive special access and local transport markets**

- **U S WEST's interstate expanded interconnection tariff, which includes 144 central offices, is scheduled to become effective on May 17, 1993:**

- **These 144 central offices represent a substantial portion of**

U S WEST's interstate local transport and special access

- **Reallocation of GSF is appropriate, given the increasingly competitive special access and local transport markets**
- **CAP networks are in operation or are under construction in key markets in the U S WEST region:**

Des Moines	MWR Telecom -- 72 mile backbone
Denver	Teleport Denver --115 mile backbone
	Jones Lightwave* -- under construction
Minneapolis	MFS -- 3.5 mile backbone
Omaha	Teleport** -- 52 mile ring under construction
Phoenix	Teleport** -- 42 mile ring under construction
Portland	ELI -- 152 mile ring
Salt Lake City	ELI -- under construction
Seattle	DDI*** -- 65 mile ring
	ELI -- 108 mile ring

*** Owned by Jones International (also owns Jones Cable)**

**** Owned by Cox Cable**

***** Wholly owned by TCI**

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[illegible]

COMMON LINE CHARGES

Impact of GSF Reallocation

State	Residence and Single Line Business			Multi-line Business		
	1993 Annual Filing	With GSF		1993 Annual Filing	With GSF	
Arizona	\$3.50	\$3.50	0.0%	\$5.90	\$6.00	1.5%
Colorado	3.50	3.50	0.0%	4.96	6.00	21.0%
Idaho(Boise)	3.50	3.50	0.0%	5.08	5.60	10.2%
Idaho(Spokane)	3.50	3.50	0.0%	5.80	6.00	3.4%
Iowa	3.26	3.50	7.4%	3.26	3.76	15.3%
Minnesota	3.50	3.50	0.0%	3.78	4.40	16.4%
Nebraska	3.50	3.50	0.0%	3.70	4.07	10.0%
Montana	3.50	3.50	0.0%	5.51	6.00	8.9%
New Mexico	3.50	3.50	0.0%	5.94	6.00	1.0%
North Dakota	3.50	3.50	0.0%	6.00	6.00	0.0%
Oregon	3.50	3.50	0.0%	5.16	5.93	14.9%
South Dakota	3.50	3.50	0.0%	4.73	5.49	16.1%
Utah	3.50	3.50	0.0%	4.55	5.30	16.5%
Washington	3.50	3.50	0.0%	4.69	5.27	12.4%
Wyoming	3.50	3.50	0.0%	6.00	6.00	0.0%
Average	3.48	3.50	0.6%	5.00	5.45	9.0%

Carrier Common Line

1993 Annual Filing
0.42 cents per minute

After GSF Reallocation
0.68 cents per minute

- **The Commission should reject the March 23, 1993 'Emergency' Petition of MFS**
 - **Seeks to postpone GSF reallocation (and zone density pricing) until special access prices (term and 'volume' discounts) are investigated**
- **U S WEST's special access prices were established pursuant to the Commission's price cap rules. There is no basis for MFS' unsubstantiated claims that our rates are unreasonable.**
- **MFS itself, in its comments in 92-222 argued GSF reallocation would closely approximate "the operation of a competitive market"**
- **Delay in reallocation of GSF will:**
 - **Handicap LECs by imposing a subsidy in their special access rates**
 - **Provide MFS with an unearned competitive advantage**

Recommendation

- **The Commission should complete CC Docket 92-222 by releasing an Order permitting LECs to reallocate GSF expenses.**
- **Order should be released prior to the May 17, 1993 effectiveness of special access expanded interconnection tariffs**
- **U S WEST can readily accommodate the reallocation of GSF Expenses in our 1993 Annual Filing**
- **The reallocation should be afforded exogenous treatment for price cap companies, in accordance with Part 61.45(d) of the rules**
- **In the future, as the Commission takes steps to open markets to increased competition, subsidies (like GSF) should be retargeted**